



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE LANDS AND FORESTRY

Michael O. Leavitt
Governor
Ted Stewart
Executive Director
Scott Hirschi
Division Director

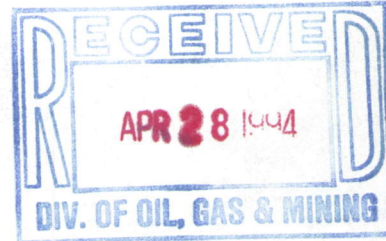
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Salt Lake City, Utah 84180-1204
801-538-5508
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April 28, 1994

DOGM
MINERALS PROGRAM
FILE COPY

CERTIFIED MAIL NO. P 051 448 189

L&M General Engineering & Construction Inc.
PO Box 898
1805 West Santa Clara Drive
St. George, UT 84770



Gentlemen:

RE: ML 44686-Building Stone/Limestone; S/053/019

Article VI of the above numbered lease requires payment of royalty @5% of the market price of the leased substances that are produced and shipped from the leased premises. The division has received no production information or royalty payment pursuant to your activity. I enclose a report form and request that you immediately submit a full accounting of all past production under this lease.

Rules of the division require payment of interest upon delinquent royalties, compounded semiannually at the average adjusted prime rate plus 4%. Please immediately submit any royalty and interest payment which may be due under ML 44686.

Letter of Credit #1176720 issued by Sun Capital Bank has expired. Another letter of credit will not be accepted by the division.

Article XII of the above numbered lease requires that upon request of the Lessor the Lessee shall furnish a bond in such form and amount to be determined by the Lessor. You are hereby requested to furnish the division with a surety bond in the amount of \$15,000 issued by a Utah licensed bonding company. The required division bonding form is enclosed. Alternatively, you may meet the bonding requirement by submitting a \$15,000 time CD issued by a Utah banking institution, with the division listed as a co-owner of the CD. The amount of the bond is conditioned upon your previous commitment that no more than three acres of surface area will be disturbed at any given time by your operations under the lease.

Failure to comply with all of the above requests within the next 30 days may subject this lease to cancellation pursuant to Article XIX of the terms and conditions of the lease.

Sincerely,

JOHN T. BLAKE
MINERAL RESOURCES SPECIALIST

JTB/tdw

cc: Wayne Hedberg